

Education and Workforce Development Cabinet

Kentucky's annual jobless rate falls to 10.5 percent in 2010

Press Release Date: Monday, March 07, 2011

Contact Information: Kim Saylor Brannock
(502) 564-1207
KimS.Brannock@ky.gov

FRANKFORT, Ky. — Kentucky's annual unemployment rate declined to 10.5 percent in 2010 from 10.7 percent in 2009, while nonfarm employment gained jobs for the first time in three years, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The U.S. annual unemployment rate climbed to 9.6 percent in 2010 from 9.3 percent in 2009, making it the highest annual U.S. unemployment rate since 1983 when it was 9.6 percent. The U.S. annual unemployment rate was .9 percentage point below Kentucky's annual jobless rate in 2010.

"Kentucky's economy stabilized in 2010; the unemployment rate dropped to 10.5 percent, while the state eked out an employment gain of 500. However, the economic recovery and job growth have been painstakingly slow. In the last decade, Kentucky has suffered 57,300 job losses. The manufacturing, construction and information sectors each endured employment losses of more than 20 percent. This illustrates the impact of the manufacturing and housing slumps, and the shift away from mainstream media and news publications," said Dr. Justine Detzel, chief labor market analyst in OET.

Kentucky had the ninth highest annual unemployment rate among all states and the District of Columbia in 2010. Kentucky was one of 16 states plus the District of Columbia that reported annual unemployment rates above the U.S. annual rate in 2010, while 32

states were lower than the national annual average and two states tied with the U.S. annual rate.

Annual unemployment rates declined in 18 states, rose in 31 states and the District of Columbia and remained unchanged in one state from 2009 to 2010. North Dakota posted the lowest 2010 annual jobless rate in the country at 3.9 percent while Nevada had the highest annual rate at 14.9 percent.

In 2010, Kentucky's nonfarm payroll (agriculture and self-employed jobs excluded) increased by 500 to 1,769,800 employees making it the highest number of nonfarm jobs in Kentucky since 2008 when Kentucky's nonfarm employment stood at 1,851,700.

"This is the first time in three years Kentucky has gained jobs. However, a net total of 57,300 nonfarm jobs have been lost over the past 10 years," Detzel said.

Four of Kentucky's 11 major nonfarm job sectors listed in the North American Industry Classification System (NAICS) showed employment growth in 2010, while seven reported losses.

According to the annual employment data, Kentucky's professional and business services, a sector that includes professional, scientific and technical services, management of companies, and administrative and support management, surged by 8,600 jobs in 2010. This category also includes temporary help agencies that provide workers to other businesses on a contractual basis. In the last 10 years, the sector has ballooned by 19,300 jobs.

"The job gains in the last year are attributed to administrative and support and waste management businesses. The employment services industry mushroomed by 8,500 professionals between 2009 and 2010, indicating the start of a recovery in the Kentucky economy. Since the temporary help industry supplies labor to a wide variety of industries, it is a good barometer of what is occurring across the labor market," Detzel said.

The government sector, which includes federal, state and local employment in public education, public administration agencies and

state-owned hospitals, increased by 6,900 jobs in 2010. In the last 10 years, the sector has grown by 23,800 positions.

“This over-the-year expansion was driven by employment gains of 3,500 professionals in the state government subsector, which is a sign of enrollment growth at public colleges and universities and hiring at various state agencies. Institutions of higher learning often see an uptick in enrollment during economic downturns, as individuals return to school or choose to continue their education. The federal government subsector also exhibited significant job growth in the last year, reflecting a base realignment and hiring at several federal agencies,” Detzel said.

The educational and health services sector gained 3,100 jobs in 2010 and has surged by 41,500 or nearly 20 percent in the last 10 years. Within this sector, health care and social assistance industries, such as hospitals, nursing and residential care facilities and social assistance businesses, added 2,800 jobs in 2010 and have expanded by 39,200 jobs or more than 21 percent in the past 10 years.

Educational services in this sector include employees at private elementary, secondary and postsecondary schools along with other establishments that provide instruction and training. While educational services added 300 jobs in 2010, these organizations have contributed an additional 2,200 jobs in the last 10 years.

Detzel said general population growth, longer life expectancy and aging baby boomers are the main reasons for the rise in health care employment.

Other services, a sector that includes repair and maintenance; personal and laundry services; and religious, civic, and professional organizations, rose by 400 jobs in 2010. The sector has lost 4,600 jobs in the last 10 years.

On the down side, the state’s construction sector plummeted by 6,200 jobs or about 8 percent in 2010. The sector has declined by 19,900 jobs in the last 10 years.

"The preponderance of the employment losses in 2010 occurred in the specialty trade contractors industry, with substantial job losses also occurring at construction of buildings firms and heavy and civil engineering companies. The maladies in the housing market and tighter credit delaying construction projects factored into the job losses in this industry. Furthermore, the expiration of the federal home buyer tax credit is crimping the residential construction industry," said Detzel.

Kentucky's manufacturing sector dropped by 3,900 jobs in 2010 for a total of 209,100 positions. In the last 10 years, 101,300 jobs have drained from the manufacturing sector.

"This is the tenth straight year the manufacturing sector has experienced employment losses. Yet, there was a significant decline in the pace of job losses in 2010 making 2010 the year with the smallest manufacturing job losses since 2006. The bulk of these employment losses occurred in the durable goods subsector," Detzel said.

In the last decade, more than 32 percent of manufacturing jobs in Kentucky have vanished.

"Both the durable goods and nondurable goods subsectors have faced sizable employment losses in the past decade. Most of the job losses in the nondurable goods subsector occurred in the apparel industry, which has declined by 9,700 positions since 2000. Overall, there has been a 78 percent drop in the total number of apparel industry jobs in Kentucky in the last 10 years," said Detzel.

The trade, transportation and utilities sector tumbled by 3,700 jobs in 2010, and plunged by 31,800 over the past 10 years. It is the largest Kentucky sector with a total of 359,200 jobs. Within the sector in 2010, transportation, warehousing and utilities businesses decreased by 600 jobs, retail trade fell by 2,400, and wholesale trade dropped by 600.

"As households retrenched and reined in discretionary expenditures, retail trade enterprises suffered declining sales, enacted layoffs, and closed underperforming stores. Likewise, wholesalers endured

layoffs as languid demand for products filtered back through the supply chain,” said Detzel.

Financial activities, a sector that includes finance, insurance, real estate, and rental and leasing, reported 2,300 fewer positions in 2010. In the last decade, the sector has expanded by 4,300 positions.

The number of jobs in the mining and logging sector fell by 1,400 in 2010, but has increased by 2,800 jobs since 2000. Other industries included in the sector are forestry; oil and gas extraction; and support activities for mining.

The information sector, which includes establishments involved in publishing, Internet activities, data processing, broadcasting and news syndication, lost 1,000 positions in 2010. It is down by 7,000 jobs compared to 10 years ago.

The state’s leisure and hospitality sector dwindled by 200 positions in 2010, but has grown by 15,800 jobs in the last decade. Within the sector are arts, entertainment and recreation, and accommodation and food services.

The U.S. Bureau of Labor Statistics’ estimate of the number of employed Kentuckians for 2010 was 1,865,961. This figure is up 8,385 from the 1,857,576 employed in 2009 but down 387 from 2000’s total level of employment at 1,866,348.

The estimate of the number of unemployed Kentuckians for 2010 was 217,997, down 3,649 from the 221,646 unemployed in 2009 but up 135,332 from 82,665 in 2000.

The estimate of the number of Kentuckians in the civilian labor force for 2010 was 2,083,958. This is up 4,736 from the 2,079,222 recorded in 2009 and up 134,945 persons from 1,949,013 in 2000.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count the number of people working. Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking

work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

(30)